

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
ANNUAL FINANCIAL REPORT
JUNE 30, 2017**

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STATE OF NEW MEXICO

TOWN OF EDGEWOOD

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TOWN OF EDGEWOOD
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**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
DIRECTORY OF OFFICIALS
JUNE 30, 2017**

Name	Title
Elected Officials	
John Bassett	Mayor
Sherry Abraham	Councilor
John Abrams	Councilor/Mayor Pro Tem
Linda Holle	Councilor
Rita Loy Simmons	Councilor
Administrative Officials	
Juan Torres	Clerk-Treasurer
Carla Salazar	Deputy Clerk

INDEPENDENT AUDITOR'S REPORT

Mr. Wayne Johnson,
New Mexico State Auditor
Mayor and Town Council
Town of Edgewood
Edgewood, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund of the Town of Edgewood, New Mexico (the "Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents. We did not audit the 2016 Schedule of Employer Allocations and Pension Amounts of the State of New Mexico Public Employee Retirement Association (PERA), the administrator of the cost sharing pension plan for the Town. The schedules and statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town, is based solely on the report of the other auditors.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Edgewood, as of June 30, 2017, and the respective changes in financial position where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 7 through 15, the Schedule of the Proportionate Share of the Net Pension Liability on pages 78-79, the Schedule of Contributions on pages 80-81 and the notes to the required supplementary information page 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Town's financial statements, that collectively comprise the Town of Edgewood's basic financial statements. The combining and individual fund financial statements and the other schedules as required by Section 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, and the other schedules required by Section 2.2.2 NMAC are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, and the other schedules as required by Section 2.2.2 NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 14, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
December 14, 2017

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

This section of Town of Edgewood's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2017. Please read it in conjunction with the Town's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Edgewood exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year end by \$12,640,162 (net position).
- The Town's total net position decreased by \$58,632 during the fiscal year. The decrease was due to the Town having a decrease in revenues than expenses.
- As of June 30, 2017, the Town's governmental funds reported combined ending fund balances of \$3,792,288. Of this total, \$2,813,783 is restricted for special revenue, capital projects, debt service and other restricted items.
- The Town assessed and began collecting a property tax in 2016 to service debt. Property tax revenue was \$259,987 in 2017.
- At the close of the current fiscal year, unassigned fund balance of the general fund was \$992,552.

Overview of the Financial Statements

This annual report consists of three parts — management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the Town's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Edgewood's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Edgewood's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Edgewood is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town of Edgewood that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business type activities*). The governmental activities of the Town of Edgewood include general government, public safety, highways and streets and culture and recreation. The business-type activities of the Town include waste water services.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Edgewood, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Edgewood can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of expendable resources*, as well as on *balances of expendable resources* available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Town's programs.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains nineteen individual governmental funds organized according to their type (general, special revenue, capital projects and debt service). Information is presented separately in governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances for the General Fund, Municipal Streets Fund, Police Fund, Capital Projects Fund and NMFA Loan 5 Program Fund, all of which are considered to be major funds. Data from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Town of Edgewood adopts an annual appropriated budget for its general fund and all other funds. A budgetary comparison statement has been provided for the all of the governmental funds to demonstrate compliance with this budget.

Proprietary Funds

Proprietary funds are generally used to account for services for which the Town charges customers - either outside customers or internal units or departments of the Town. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The Town maintains one proprietary fund, the Waste Water Fund. The proprietary fund is used to report the same functions presented as business-type activities in the government-wide financial statements

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on 39 of this report.

Combining Statements

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements.

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$12,640,162 at the close of the current fiscal year.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

The largest portion of the Town of Edgewood's net position represent the Town's investment of \$10,819,796 in capital assets (e.g., land, construction in progress, improvements, buildings, infrastructure, vehicles and furniture, fixtures and equipment), less any related outstanding debt used to acquire those assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets is a deficit of \$993,417 which if were positive, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position, except in unrestricted for the government as a whole.

Analysis of Changes in Net Position

During the current fiscal year, the Town's net position in governmental and business-type activities decreased by \$58,632. These decreases are explained in the governmental and business-type activities discussion that follows.

Governmental Activities

Governmental activities increased the Town's net position by \$229,602. Revenues not including transfers decreased from \$5,187,903 for the year ended June 30, 2016 to \$4,647,237 for the year ended June 30, 2017. The decrease in revenues is primarily because the Town received less grant money in 2017, and gross receipts taxes decreased in 2017 as well. Governmental expenses decreased from \$4,017,113 for the year ended June 30, 2016 to \$3,997,696 for the year ended June 30, 2017.

Business-Type Activities

Business-type activities decreased the Town's net position by \$288,234 after transfers in of \$419,939 in from governmental activities, compared to the prior year's decrease of \$278,889 after transfers of \$505,518 from the governmental activities. The wastewater system continues to require transfers to fund operations, repairs and maintenance.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

A summary of the statement of net position is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 4,154,855	\$ 5,526,169	\$ 2,216	\$ 2,216	\$ 4,157,071	\$ 5,528,385
Capital assets, net of accumulated depreciation	12,908,139	11,409,832	5,418,001	5,722,452	18,326,140	17,132,284
Deferred outflow of resources	<u>1,028,686</u>	<u>263,377</u>	<u>-</u>	<u>-</u>	<u>1,028,686</u>	<u>263,377</u>
Total assets and deferred outflows of resources	<u>18,091,680</u>	<u>17,199,378</u>	<u>5,420,217</u>	<u>5,724,668</u>	<u>23,511,897</u>	<u>22,924,046</u>
Current and other liabilities	415,363	419,298	41,426	39,014	456,789	458,312
Noncurrent liabilities	10,024,357	9,382,788	299,667	318,296	10,324,024	9,701,084
Deferred inflows of resources	<u>90,922</u>	<u>65,856</u>	<u>-</u>	<u>-</u>	<u>90,922</u>	<u>65,856</u>
Total liabilities and deferred inflows of resources	<u>10,530,642</u>	<u>9,867,942</u>	<u>341,093</u>	<u>357,310</u>	<u>10,871,735</u>	<u>10,225,252</u>
NET POSITION						
Net invested in capital assets, net of related debt	5,701,462	7,043,247	5,118,334	5,404,156	10,819,796	12,447,403
Restricted	2,813,783	1,163,688	-	-	2,813,783	1,163,688
Unrestricted	<u>(954,207)</u>	<u>(875,499)</u>	<u>(39,210)</u>	<u>(36,798)</u>	<u>(993,417)</u>	<u>(912,297)</u>
Total net position	<u>\$ 7,561,038</u>	<u>\$ 7,331,436</u>	<u>\$ 5,079,124</u>	<u>\$ 5,367,358</u>	<u>\$ 12,640,162</u>	<u>\$ 12,698,794</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program revenues:						
Charges for Service	\$ 90,184	\$ 80,280	\$ 26,051	\$ 26,103	\$ 116,235	\$ 106,383
Operating grants and contributions	129,786	185,636	-	-	129,786	185,636
Capital grants and contributions	86,832	491,372	-	-	86,832	491,372
General revenues:						
Taxes	4,041,177	4,352,369	-	-	4,041,177	4,352,369
Other Income	299,258	78,246	-	-	299,258	78,246
Total Revenues	<u>4,647,237</u>	<u>5,187,903</u>	<u>26,051</u>	<u>26,103</u>	<u>4,673,288</u>	<u>5,214,006</u>
EXPENSES						
General Government	1,122,188	1,036,863	-	-	1,122,188	1,036,863
Public Safety	1,542,790	1,632,103	-	-	1,542,790	1,632,103
Highways and streets	759,998	810,969	-	-	759,998	810,969
Cultural and recreation	354,151	305,949	-	-	354,151	305,949
Interest expenses	218,569	231,229	-	-	218,569	231,229
Waste water expenses	-	-	734,224	810,510	734,224	810,510
Total expenses	<u>3,997,696</u>	<u>4,017,113</u>	<u>734,224</u>	<u>810,510</u>	<u>4,731,920</u>	<u>4,827,623</u>
Changes in Net Position before transfers	649,541	1,170,790	(708,173)	(784,407)	(58,632)	386,383
Transfers	<u>(419,939)</u>	<u>(505,518)</u>	<u>419,939</u>	<u>505,518</u>	<u>-</u>	<u>-</u>
Changes in net position	229,602	665,272	(288,234)	(278,889)	(58,632)	386,383
Net Position-Beginning	<u>7,331,436</u>	<u>6,666,164</u>	<u>5,367,358</u>	<u>5,646,247</u>	<u>12,698,794</u>	<u>12,312,411</u>
Net position- ending	<u>\$ 7,561,038</u>	<u>\$ 7,331,436</u>	<u>\$ 5,079,124</u>	<u>\$ 5,367,358</u>	<u>\$ 12,640,162</u>	<u>\$ 12,698,794</u>

Financial Analysis of the Town of Edgewood as a Whole

As noted earlier, the Town of Edgewood uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the Town of Edgewood's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *expendable* resources. Such information is useful in assessing the Town of Edgewood's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the Town include the General Fund, Special Revenue Funds, Capital Project Funds and Debt Service Funds.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,792,288, a decrease of \$1,368,495 in comparison with the prior year. Approximately 26% of this total amount, or \$978,505, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance, \$2,813,783 is restricted to indicate that it is not available for new spending because it has already been restricted to pay special revenue, capital projects, debt service and other restricted items. The decrease in fund balance in the year ended June 30, 2017 is primarily due to the spending of funds that the Town received when it issued notes and bonds payable in prior years.

Revenues for governmental functions overall totaled \$4,647,237 in the year ended June 30, 2017 which represents a decrease of \$540,666 from the year ended June 30, 2016. Expenses for governmental functions totaled \$3,997,696 in the year ended June 30, 2017. This was a decrease of \$19,417 from the fiscal year-ended June 30, 2016. In the fiscal year-ended June 30, 2017, revenues for governmental functions exceeded expenses by approximately \$649,541 (excluding transfers).

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the fund balance of the General Fund was \$992,552, which consisted of \$0 restricted fund balance and \$992,552 unassigned fund balance.

The fund balance of the Town's General Fund decreased by \$229,347 during the current fiscal year.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal year, the unrestricted net position for the Waste Water Fund was a deficit of \$39,210. The total decrease in net position for the proprietary fund was \$288,234. The deficit and decrease in net position were due primarily to the asset management plan and repairs and maintenance in 2017.

General Fund Budgetary Highlights

The discussion that follows presents financial data based upon the budgetary basis of accounting. Please refer to the notes of the financial statements for an explanation of the differences of accounting regarding the budget.

During the current fiscal year, the Town budgeted general fund revenues at \$2,672,852. The actual revenues for the fiscal year were \$2,731,879, which is \$59,027 higher than budgeted.

For the year ended June 30, 2017, general fund expenditures (excluding transfer out) were under budget by \$107,108.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

Capital Asset and Debt Administration

Capital Assets

The Town of Edgewood's capital assets for its governmental and business-type activities as of June 30, 2017 amount to \$18,326,140 (net of accumulated depreciation). Capital assets include land, construction in progress, improvements, buildings, infrastructure, vehicles and furniture, fixtures and equipment. The total additions to the Town's capital assets (excluding accumulated depreciation) for the current fiscal year was \$1,806,944 for governmental activities. Infrastructure, furniture, fixtures and equipment and vehicles costing were \$1,791,915, and land and construction in progress of \$15,029 was added in the year ended June 30, 2017. There were no additions in business-type capital assets (excluding accumulated depreciation) for the current fiscal year.

The following is a schedule showing the Net Value of the Capital Assets and the application of the principal balances of the notes as of the fiscal year end:

Capital Assets, Net of depreciation June 30, 2017 and 2016						
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land and Construction in Progress	\$ 386,602	\$ 371,573	\$ -	\$ -	\$ 386,602	\$ 371,573
Buildings, Infrastructure, equipment & other.	12,521,537	11,038,259	-	-	12,521,537	11,038,259
Waste water system	-	-	5,418,001	5,722,452	5,418,001	5,722,452
Capital Assets, Net of A/D	<u>\$ 12,908,139</u>	<u>\$ 11,409,832</u>	<u>\$ 5,418,001</u>	<u>\$ 5,722,452</u>	<u>\$ 18,326,140</u>	<u>\$ 17,132,284</u>

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures.

The Statement of Net Position shows the Investment in Capital Assets-Governmental and Business-Type Activities in the amount of \$10,819,796. This investment includes the land, construction in progress, improvements, buildings, infrastructure, vehicles and furniture, fixtures and equipment and the waste water system net of all applicable debt service.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

During 2017 the Town had no debt issuance. The Town's long term debt is summarized as follows:

Long Term Debt June 30, 2017 and 2016						
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Net pension	\$ 2,747,423	\$ 1,841,050	\$ -	\$ -	\$ 2,747,423	\$ 1,841,050
Notes Payable	3,791,677	3,931,962	299,667	318,296	4,091,344	4,250,258
Bonds Payable	3,415,000	3,550,000	-	-	3,415,000	3,550,000
Compensated Absences	<u>70,257</u>	<u>59,776</u>	<u>-</u>	<u>-</u>	<u>70,257</u>	<u>59,776</u>
Total Long Term Debt	<u>\$10,024,357</u>	<u>\$ 9,382,788</u>	<u>\$ 299,667</u>	<u>\$ 318,296</u>	<u>\$ 10,324,024</u>	<u>\$ 9,701,084</u>

Contacting the Town of Edgewood's Financial Management

This financial report is designed to provide a general overview of the Town of Edgewood's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Edgewood Administration; PO Box 3610, Edgewood NM 87015.

BASIC FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and investment	\$ 3,498,418	\$ -	\$ 3,498,418
Receivables:	-	-	-
Taxes:	-	-	-
Gross receipt tax	614,388	-	614,388
Property tax	15,541	-	15,541
Gasoline tax	25,921	-	25,921
Other	587	2,216	2,803
Capital assets, net of accumulated depreciation	<u>12,908,139</u>	<u>5,418,001</u>	<u>18,326,140</u>
Total assets	<u>17,062,994</u>	<u>5,420,217</u>	<u>22,483,211</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension plan	<u>1,028,686</u>	<u>-</u>	<u>1,028,686</u>
Total deferred outflows of resources	<u>1,028,686</u>	<u>-</u>	<u>1,028,686</u>
Total assets and deferred outflows of resources	<u>18,091,680</u>	<u>5,420,217</u>	<u>23,511,897</u>
LIABILITIES			
Accounts payable	299,323	39,012	338,335
Impact fee deposits	4,065	-	4,065
Accrued payroll and payroll taxes	47,804	-	47,804
Accrued interest payable	64,171	2,414	66,585
Noncurrent liabilities:			
Net pension liability	2,747,423	-	2,747,423
Notes payable - Due within one year	141,707	19,188	160,895
Notes payable - Due after one year	3,649,970	280,479	3,930,449
Bond payable - Due within one year	140,000	-	140,000
Bond payable - Due after one year	3,275,000	-	3,275,000
Compensated absences - Due within one year	<u>70,257</u>	<u>-</u>	<u>70,257</u>
Total liabilities	<u>10,439,720</u>	<u>341,093</u>	<u>10,780,813</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pension plan	<u>90,922</u>	<u>-</u>	<u>90,922</u>
Total deferred inflows of resources	<u>90,922</u>	<u>-</u>	<u>90,922</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
NET POSITION			
Net investment in capital assets	5,701,462	5,118,334	10,819,796
Restricted for:			
Reserved for special revenue funds	231,103	-	231,103
Reserved for capital projects funds	2,012,523	-	2,012,523
Reserved for debt service funds	570,157	-	570,157
Unrestricted	<u>(954,207)</u>	<u>(39,210)</u>	<u>(993,417)</u>
Total net position	<u>7,561,038</u>	<u>5,079,124</u>	<u>12,640,162</u>
Total net position, deferred inflows and liabilities	<u>\$ 18,091,680</u>	<u>\$ 5,420,217</u>	<u>\$23,511,897</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 1,122,188	\$ 79,712	\$ 91,688	\$ -
Public safety	1,542,790	10,472	29,264	-
Highways and streets	759,998	-	-	86,832
Culture and recreation	354,151	-	8,834	-
Interest expense	<u>218,569</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>3,997,696</u>	<u>90,184</u>	<u>129,786</u>	<u>86,832</u>
Business-type Activities:				
Waste Water	734,224	26,051	-	-
Total business-type activities	<u>734,224</u>	<u>26,051</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 4,731,920</u>	<u>\$ 116,235</u>	<u>\$ 129,786</u>	<u>\$ 86,832</u>

General revenues and transfers:

Gross receipt taxes
Property taxes
Gasoline taxes
Interest income
Other
Transfer

Total general revenues and
transfers

Change in net position

Net position, beginning

Net position, ending

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Primary Government		
	Net (Expense) Revenue and Changes in Net Position		
	Government Activities	Business Type Activities	Total
Primary Government			
Governmental Activities:			
General government	\$ (950,788)	\$ -	\$ (950,788)
Public safety	(1,503,054)	-	(1,503,054)
Highways and streets	(673,166)	-	(673,166)
Culture and recreation	(345,317)	-	(345,317)
Interest expense	(218,569)	-	(218,569)
Total governmental activities	<u>(3,690,894)</u>	<u>-</u>	<u>(3,690,894)</u>
Business-type Activities:			
Waste Water	-	(708,173)	(708,173)
Total business-type activities	<u>-</u>	<u>(708,173)</u>	<u>(708,173)</u>
Total primary government	<u>(3,690,894)</u>	<u>(708,173)</u>	<u>(4,399,067)</u>
General revenues and transfers:			
Gross receipt taxes	3,627,308	-	3,627,308
Property taxes	259,987	-	259,987
Gasoline taxes	153,882	-	153,882
Interest income	17,237	-	17,237
Other	282,021	-	282,021
Transfer	<u>(419,939)</u>	<u>419,939</u>	<u>-</u>
Total general revenues and transfers	<u>3,920,496</u>	<u>419,939</u>	<u>4,340,435</u>
Change in net position	229,602	(288,234)	(58,632)
Net position, beginning	<u>7,331,436</u>	<u>5,367,358</u>	<u>12,698,794</u>
Net position, ending	<u>\$ 7,561,038</u>	<u>\$ 5,079,124</u>	<u>\$ 12,640,162</u>

GOVERNMENTAL FUND FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General Funds	216 - Municipal Street Fund	299 - Police SP Revenue Fund
ASSETS			
Cash and investment	\$ 655,746	\$ -	\$ 7,649
Receivables:			
Taxes:			
Gross receipt tax	415,093	-	109,635
Property tax	-	-	-
Gasoline tax	-	25,921	-
Other	587	-	-
Total assets	<u>1,071,426</u>	<u>25,921</u>	<u>117,284</u>
LIABILITIES DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	58,668	11,933	18,138
Impact fee deposits	4,065	-	-
Accrued payroll and payroll taxes	16,141	8,690	18,577
Total liabilities	<u>78,874</u>	<u>20,623</u>	<u>36,715</u>
Deferred inflows:			
Property tax not available	-	-	-
Fund balances:			
Restricted, reported in:			
Special revenue fund	-	5,298	80,569
Capital projects funds	-	-	-
Debt service funds	-	-	-
Unassigned, reported in:			
General fund	992,552	-	-
Special revenue fund	-	-	-
Total fund balances	<u>992,552</u>	<u>5,298</u>	<u>80,569</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,071,426</u>	<u>\$ 25,921</u>	<u>\$ 117,284</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Capital Projects	315 - NMFA Loan 5 Program Funds	Total Nonmajor Funds
ASSETS			
Cash and investment	\$ 876,482	\$ 1,244,062	\$ 714,479
Receivables:			
Taxes:			
Gross receipt tax	89,660	-	-
Property tax	-	-	15,541
Gasoline tax	-	-	-
Other	-	-	-
Total assets	<u>966,142</u>	<u>1,244,062</u>	<u>730,020</u>
LIABILITIES DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	197,681	-	12,903
Impact fee deposits	-	-	-
Accrued payroll and payroll taxes	-	-	4,396
Total liabilities	<u>197,681</u>	<u>-</u>	<u>17,299</u>
Deferred inflows:			
Property tax not available	-	-	11,375
Fund balances:			
Restricted, reported in:			
Special revenue fund	-	-	145,236
Capital projects funds	768,461	1,244,062	-
Debt service funds	-	-	570,157
Unassigned, reported in:			
General fund	-	-	-
Special revenue fund	-	-	(14,047)
Total fund balances	<u>768,461</u>	<u>1,244,062</u>	<u>701,346</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 966,142</u>	<u>\$ 1,244,062</u>	<u>\$ 730,020</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Total Governmental Funds
ASSETS	
Cash and investment	\$ 3,498,418
Receivables:	
Taxes:	
Gross receipt tax	614,388
Property tax	15,541
Gasoline tax	25,921
Other	<u>587</u>
Total assets	<u>4,154,855</u>
LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	
Liabilities:	
Accounts payable	299,323
Impact fee deposits	4,065
Accrued payroll and payroll taxes	<u>47,804</u>
Total liabilities	<u>351,192</u>
Deferred inflows:	
Property tax not available	<u>11,375</u>
Fund balances:	
Restricted, reported in:	
Special revenue fund	231,103
Capital projects funds	2,012,523
Debt service funds	570,157
Unassigned, reported in:	
General fund	992,552
Special revenue fund	<u>(14,047)</u>
Total fund balances	<u>3,792,288</u>
Total liabilities, deferred inflows and fund balances	<u><u>\$ 4,154,855</u></u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

	<u>Governmental fund</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance - governmental funds	\$ 3,792,288
Accrued compensated absences not payable from current revenues.	(70,257)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	12,908,139
The following are related to pension are not due and payable in the current period and therefore is not reported in the Governmental funds:	
Net pension liability	(2,747,423)
Deferred inflows of resources	(90,922)
Deferred outflows of resources	1,028,686
Notes Payable are not due and payable with current current period and, therefore are not reported as Liabilities in the funds:	(3,791,677)
Bond proceeds are not due and payable with current period and, therefore are not reported as Liability in the govt. funds:	(3,415,000)
Property tax not available is not available in the current period and therefore are reported as liabilities in the governmental funds.	11,375
Accrued interest is not due and payable in the current period and therefore are not reported as liabilities in the governmental funds	<u>(64,171)</u>
Net position - Statement of Net Position	<u><u>\$ 7,561,038</u></u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	General Funds	216 - Municipal Street Fund	299 - Police SP Revenue Fund
REVENUES:			
Taxes	\$ 2,514,003	\$ 153,882	\$ 642,099
Licenses, permits fees and fines	79,714	-	-
Intergovernmental - State	91,688	-	4,464
Interest	1,334	-	-
Miscellaneous	276,981	-	3,822
	<u>2,963,720</u>	<u>153,882</u>	<u>650,385</u>
Total revenues			
EXPENDITURES:			
Current:			
General government	865,935	-	-
Public safety	432,613	-	960,995
Highways and streets	-	676,602	-
Culture and recreation	-	-	-
Capital outlay	-	-	31,041
Debt service			
Principal payments	-	-	-
Interest payments	-	-	-
	<u>1,298,548</u>	<u>676,602</u>	<u>992,036</u>
Total expenditures			
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,665,172</u>	<u>(522,720)</u>	<u>(341,651)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	523,552	354,306
Operating transfers (out)	(1,894,519)	-	-
	<u>(1,894,519)</u>	<u>523,552</u>	<u>354,306</u>
Total other financing sources (uses)			
Net change in fund balances	(229,347)	832	12,655
Fund balance - beginning of year	<u>1,221,899</u>	<u>4,466</u>	<u>67,914</u>
Fund balance - end of year	<u>\$ 992,552</u>	<u>\$ 5,298</u>	<u>\$ 80,569</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

		315 - NMFA	
	Capital Projects	Loan 5 Program Funds	Total Nonmajor Funds
REVENUES:			
Taxes	\$ 471,205	\$ -	\$ 259,987
Licenses, permits fees and fines	-	-	10,472
Intergovernmental - State	86,832	-	33,635
Interest	3,735	8,409	3,758
Miscellaneous	-	-	1,217
Total revenues	<u>561,772</u>	<u>8,409</u>	<u>309,069</u>
EXPENDITURES:			
Current:			
General government	-	-	11,174
Public safety	-	-	31,244
Highways and streets	-	-	-
Culture and recreation	-	-	316,432
Capital outlay	1,775,903	-	-
Debt service			
Principal payments	-	-	275,285
Interest payments	-	-	218,569
Total expenditures	<u>1,775,903</u>	<u>-</u>	<u>852,704</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,214,131)</u>	<u>8,409</u>	<u>(543,635)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	610,970
Operating transfers (out)	-	-	(14,248)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>596,722</u>
Net change in fund balances	(1,214,131)	8,409	53,087
Fund balance - beginning of year	<u>1,982,592</u>	<u>1,235,653</u>	<u>648,259</u>
Fund balance - end of year	<u>\$ 768,461</u>	<u>\$ 1,244,062</u>	<u>\$ 701,346</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Total Governmental Funds
REVENUES:	
Taxes	\$ 4,041,176
Licenses, permits fees and fines	90,186
Intergovernmental - State	216,619
Interest	17,236
Miscellaneous	<u>282,020</u>
Total revenues	<u>4,647,237</u>
EXPENDITURES:	
Current:	
General government	877,109
Public safety	1,424,852
Highways and streets	676,602
Culture and recreation	316,432
Capital outlay	1,806,944
Debt service	
Principal payments	275,285
Interest payments	<u>218,569</u>
Total expenditures	<u>5,595,793</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(948,556)</u>
OTHER FINANCING SOURCES (USES):	
Operating transfers in	1,488,828
Operating transfers (out)	<u>(1,908,767)</u>
Total other financing sources (uses)	<u>(419,939)</u>
Net change in fund balances	(1,368,495)
Fund balance - beginning of year	<u>5,160,783</u>
Fund balance - end of year	<u>\$ 3,792,288</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Governmental fund</u>
Amounts reported for governmental activities in the statement of Activities are different because:	
Net changes in fund balances -Total governmental funds	\$ (1,368,495)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.	
Depreciation expense	(308,636)
Capital outlay	1,806,944
Change in net pension liability and the related deferred inflows and deferred inflows of resources related to pensions	(166,131)
The repayment of the principal of notes payable and accrued interest consumes current financial resources of governmental funds	275,285
Decrease (Increase) in accrued interest payable	1,116
Accrued compensated absences are expensed under the accrual method, and not the modified accrual method.	<u>(10,481)</u>
Change in net position - governmental activities	\$ <u><u>229,602</u></u>

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP
BUDGETARY BASIS) AND ACTUAL**

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
GENERAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 1,364,061	\$ 1,364,061	\$ 963,149	\$ (400,912)
Licenses, permits fees and fines	71,390	71,390	95,189	23,799
Intergovernmental - State	1,220,029	1,220,029	1,654,758	434,729
Miscellaneous	<u>17,372</u>	<u>17,372</u>	<u>18,783</u>	<u>1,411</u>
Total revenues	<u>2,672,852</u>	<u>2,672,852</u>	<u>2,731,879</u>	<u>59,027</u>
EXPENDITURES:				
Current:				
General government	1,370,126	1,370,126	1,281,337	88,789
Public safety	<u>236,449</u>	<u>236,449</u>	<u>218,130</u>	<u>18,319</u>
Total expenditures	<u>1,606,575</u>	<u>1,606,575</u>	<u>1,499,467</u>	<u>107,108</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,066,277</u>	<u>1,066,277</u>	<u>1,232,412</u>	<u>166,135</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers (out)	<u>(1,146,336)</u>	<u>(1,146,336)</u>	<u>(1,077,445)</u>	<u>68,891</u>
Total other financing sources (uses)	<u>(1,146,336)</u>	<u>(1,146,336)</u>	<u>(1,077,445)</u>	<u>68,891</u>
Net change in fund balances	(80,059)	(80,059)	154,967	235,026
Fund balance - beginning of year	<u>818,373</u>	<u>765,706</u>	<u>1,162,212</u>	<u>396,506</u>
Fund balance - end of year	<u>\$ 738,314</u>	<u>\$ 685,647</u>	<u>1,317,179</u>	<u>\$ 631,532</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balances-cash basis			\$ 154,967	
Adjustments to revenues			231,841	
Adjustments to expenditures			<u>(616,155)</u>	
Net change in fund balances-GAAP basis			<u>\$ (229,347)</u>	

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
MUNICIPAL STREETS FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		Actual on	Variance with
	<u>Original</u>	<u>Final</u>	Budgetary	Final Budget -
			Basis	Favorable
				(Unfavorable)
REVENUES:				
Taxes	\$ <u>129,445</u>	\$ <u>129,445</u>	\$ <u>153,882</u>	\$ <u>24,437</u>
Total revenues	<u>129,445</u>	<u>129,445</u>	<u>153,882</u>	<u>24,437</u>
EXPENDITURES:				
Current:				
Highways and streets	<u>702,055</u>	<u>702,055</u>	<u>677,435</u>	<u>24,620</u>
Total expenditures	<u>702,055</u>	<u>702,055</u>	<u>677,435</u>	<u>24,620</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(572,610)</u>	<u>(572,610)</u>	<u>(523,553)</u>	<u>49,057</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	<u>572,610</u>	<u>572,610</u>	<u>523,552</u>	<u>(49,058)</u>
Total other financing sources (uses)	<u>572,610</u>	<u>572,610</u>	<u>523,552</u>	<u>(49,058)</u>
Net change in fund balances	-	-	(1)	(1)
Fund balance - beginning of year	<u>5,962</u>	<u>5,962</u>	<u>4,019</u>	<u>(1,943)</u>
Fund balance - end of year	<u><u>\$ 5,962</u></u>	<u><u>\$ 5,962</u></u>	<u>4,018</u>	<u><u>\$ (1,944)</u></u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balances-cash basis			\$ (1)	
Adjustments to revenues			-	
Adjustments to expenditures			<u>833</u>	
Net change in fund balances-GAAP basis			<u><u>\$ 832</u></u>	

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
POLICE SP REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		Actual on	Variance with
	<u>Original</u>	<u>Final</u>	Budgetary	Final Budget -
			Basis	Favorable
				(Unfavorable)
REVENUES:				
Taxes	\$ 333,669	\$ 333,669	\$ 642,099	\$ 308,430
Licenses, permits fees and fines	-	-	-	-
Intergovernmental - State	298,436	298,436	4,464	(293,972)
Small cities distribution	-	-	-	-
Interest	-	-	-	-
Miscellaneous	<u>4,250</u>	<u>4,250</u>	<u>3,822</u>	<u>(428)</u>
Total revenues	<u>636,355</u>	<u>636,355</u>	<u>650,385</u>	<u>14,030</u>
EXPENDITURES:				
Current:				
Public safety	<u>1,045,668</u>	<u>1,045,668</u>	<u>997,042</u>	<u>48,626</u>
Total expenditures	<u>1,045,668</u>	<u>1,045,668</u>	<u>997,042</u>	<u>48,626</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(409,313)</u>	<u>(409,313)</u>	<u>(346,657)</u>	<u>62,656</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	-	354,306	354,306
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>354,306</u>	<u>354,306</u>
Net change in fund balances	(409,313)	(409,313)	7,649	416,962
Fund balance - beginning of year	<u>-</u>	<u>67,666</u>	<u>76,366</u>	<u>8,700</u>
Fund balance - end of year	<u>\$ (409,313)</u>	<u>\$ (341,647)</u>	<u>84,015</u>	<u>\$ 425,662</u>
Reconciliation of budgetary basis to GAAP basis:				
Net change in fund balances-cash basis			\$ 7,649	
Adjustments to revenues			-	
Adjustments to expenditures			<u>5,006</u>	
Net change in fund balances-GAAP basis			<u>\$ 12,655</u>	

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
PROPRIETARY FUNDS - STATEMENT OF NET POSITION
JUNE 30, 2017**

	503 - Wastewater Fund
ASSETS	
Current assets:	
Accounts receivable	\$ 2,216
Total current assets	<u>2,216</u>
Noncurrent Assets:	
Capital assets, net of accumulated depreciation	<u>5,418,001</u>
Total assets	<u><u>5,420,217</u></u>
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable	39,012
Accrued interest payable	2,414
Current maturities of note payable	<u>19,188</u>
Total current liabilities	<u>60,614</u>
Non current liabilities:	
Notes payable	<u>280,479</u>
Total liabilities	<u>341,093</u>
NET POSITION	
Net investment in capital assets	5,118,334
Unrestricted	<u>(39,210)</u>
Total net position	<u>5,079,124</u>
Total net position and liabilities	<u><u>\$ 5,420,217</u></u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
- PROPRIETARY FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	503 - Wastewater Fund
<i>Operating revenues:</i>	
Services fees	<u>\$ 26,051</u>
Total operating revenues	<u>26,051</u>
<i>Operating expenses:</i>	
Professional services	269,429
State shared taxes	1,226
Repairs and maintenance	63,569
Supplies	34,578
Utilities	49,008
Depreciation	<u>304,451</u>
Total operating expenses	722,261
<i>Operating income (loss)</i>	<u>(696,210)</u>
Non-operating expenses:	
Interest expense	<u>(11,963)</u>
<i>Income/(Loss) before transfer</i>	<u>(708,173)</u>
Transfers:	
Transfers In/(out)	<u>419,939</u>
Change in net position	<u>(288,234)</u>
Net position - beginning of year	5,367,358
Net position - end of year	<u><u>\$ 5,079,124</u></u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Water and Sewer</u>
Cash flows from operating activities:	
Cash received from customers	\$ 26,051
Cash payments to vendors for goods and services	<u>(415,398)</u>
Net cash used in operating activities	<u>(389,347)</u>
Cash flows from capital and related financing activities:	
Payments on notes payable	(18,629)
Payments for interest on notes payable	<u>(11,963)</u>
Net cash used in capital and related financing activities	<u>(30,592)</u>
Cash flows from noncapital financing activities:	
Transfer in	<u>419,939</u>
Net cash provided by noncapital financing activities	<u>419,939</u>
Net change in cash	-
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	<u><u>\$ -</u></u>
<u>Reconciliation of operating loss to net cash used in operating activities:</u>	
Operating loss	\$ (696,210)
Adjustment to reconcile operating loss to net cash used in operating activities:	
Depreciation	304,451
Changes in assets and liabilities:	-
Accrued interest payable	2,414
Accounts payable	<u>(2)</u>
Total adjustments	<u>306,863</u>
Net cash used in operating activities	<u><u>\$ (389,347)</u></u>

FIDUCIARY FUNDS FINANCIAL STATEMENTS

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUND
JUNE 30, 2017**

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>18,303</u>
Total assets	<u>18,303</u>
LIABILITIES	
Due to other entities	<u>18,303</u>
Total liabilities	\$ <u><u>18,303</u></u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity: The Town of Edgewood ("Town") was incorporated in 1999 under the laws of the State of New Mexico. The Town operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, health and social services, culture and recreation, education, public improvements, planning and zoning, general administrative services and a waste water utility.

The Town's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board ("FASB") do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type funds, the Town has chosen not to do so. The more significant accounting policies established in GAAP and used by the Town are discussed below.

A. Financial Reporting Entity

As required by GAAP, the financial statements present the Town and entities for which the Town is considered to be financially accountable. There are no component units for the fiscal year ended June 30, 2017.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and enterprise funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide financial statements are reported using the economic *resources measurement focus and the accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principle ongoing operations.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are recorded.

Governmental financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is made.

The Town follows the following revenue recognition principles applied to nonexchange transactions which are in accordance with GASB Statement 33, *Accounting and Reporting for Nonexchange Transactions*:

Derived tax revenues are recognized as revenue in the period when the underlying exchange transaction has occurred and the resources are available. Derived tax revenues include gross receipts tax, gasoline taxes, and cigarette taxes.

Imposed nonexchange revenue other than property taxes are recognized in the period when an enforceable legal claim has arisen and the resources are available.

Property tax revenue is recorded on an accrual basis and the revenue is recognized in the fiscal year for which the taxes are levied.

Government-mandated nonexchange transactions and voluntary nonexchange transactions are recognized when all applicable eligibility requirements have been met and the resources are available. These include grant revenues, state shared taxes and intergovernmental revenue. Grant revenues are recognized as revenues when the related costs are incurred.

Other revenues susceptible to accrual are investment income and charges for services. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes are levied and collected by the Santa Fe County Treasurer on behalf of the Town. Property taxes are levied in November and are payable in two installments, half on November 10 which becomes delinquent on December 10 and half on April 10 which becomes delinquent on May 11, which is also the lien date.

The Town reports the following major governmental funds:

General Fund. The general fund is the Town's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

Municipal Streets. A special revenues fund that accounts for funds used to maintain roads for which the Town is responsible. Funding is provided by the gas tax. Expenditures are restricted to the construction and maintenance of Town roads. Authority is NMSA 7-1-6.27.

Police Fund. A special revenues fund that accounts for revenues and expenditures relating to the Town police force. Financing is provided by gross receipts taxes.

Capital Projects Fund. A capital projects fund that accounts for money received and expended for capital projects.

NMFA Loan 5 Program. A capital projects fund that accounts for the receipts and disbursements of the funds from NMFA loan # 5. Authority is by Town resolution.

The Town reports the following major proprietary fund:

Waste Water Fund. This fund accounts for all the financial resources and expenditures related to the waste water system.

B. Cash and Investments

Cash includes amounts in demand deposits. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

All investments are stated at fair value which is determined by using selected bases. Interest income and realized gains and losses on investment transactions are included for financial statement purposes as investment income.

C. Capital Assets

Capital assets which include software, library books, property, plant, equipment, vehicles, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000, per Section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Managements Discussion and Analysis for State and Local Governments allows phase III governments an exemption from the retroactive application of the capitalization requirements to major general infrastructure assets. The Town has elected not to retroactively record infrastructure assets.

Assets are recorded at historical cost or estimated historical cost if purchased or construction. Donated capital assets received prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Building, structures and improvements	10-40 years
Road equipment	10 years
Furniture, fixtures and equipment	7 years
Vehicles	7 years
Infrastructures	25 years
Waste water system	25 years

D. Deferred Outflows of Resources

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Town has pension related to deferred outflows of resource items that qualify for reporting in this category.

E. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

F. Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The Town has two types of items, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue-property taxes, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the Town has pension related deferred inflows of resources items in government-wide financial statement that qualify for reporting in this category.

G. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employee Retirement Board (PERB) and additions to/deductions from PERB's fiduciary net position have been determined on the same basis as they are reported by PERB, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

H. Fund Balance

In the fund financial statements, governmental fund balances are classified as follows:

Nonspendable - fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes amounts to be held in perpetuity.

Restricted - Fund balance should be reported when constraints placed on the use of resources are either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.
- c. Enabling legislation, as the term is used in this Statement, authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party-such as citizens, public interest groups, or the judiciary-to use resources created by enabling legislation only for the purposes specified by the legislation.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned - fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The Town's policy is to apply restricted resources first, committed sources second, assigned resources third, and unassigned resources last when an expense is incurred for purposes for which all or any fund balance classification is available.

L Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position invested in capital assets, net of related debt excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

J. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

K. Cash Flows

For purposes of the Statement of Cash Flows, the various enterprise funds consider all highly liquid assets with a maturity of three months or less when purchased to be cash equivalents.

L. Budgetary, Information

Actual amounts on the budgetary basis are prepared on the cash basis of accounting which recognizes revenues when received and expenditures when paid. Annual budgets are adopted for the general, special revenue, debt service and capital projects funds.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Town follows the following procedures for establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the Town Administrator submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them based on previous year's history. Public hearings are conducted at the Community Center to obtain taxpayer comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.
2. The Town Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the Town Council and the New Mexico State Department of Finance, Division of Local Governments.
3. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, and capital projects funds.
4. The level of classification detail in which expenditures of expenses may not legally exceed appropriations for each budget is in fund total.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2. CASH AND INVESTMENTS

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is, in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are (1) uncollateralized, (2) collateralized with securities held by the pledging financial institution, or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name.

As of June 30, 2017, the Town's bank balance total of \$3,649,820 was exposed to credit risk in the amount of \$1,127,938 as Follow:

Uninsured and collateral held by pledging bank's trust department not in the Town's name	\$ 658,898
Uninsured and uncollateralized	<u>469,040</u>
Total	<u><u>\$ 1,127,938</u></u>

Reconciliation of Cash and cash equivalents

Cash and cash equivalents per Statement of Net Position	3,498,418
Cash per Statement of Fiduciary Net Position	18,303
Less: Petty cash	(100)
Add outstanding checks and other reconciling items	<u>133,199</u>
Bank balance of deposits	<u><u>3,649,820</u></u>

In accordance with Section 6-10-17, NMSA, 1978 Compilation, the Town is required to collateralize an amount equal to one-half of the public money in excess of FDIC insurance at each financial institution. At June 30, 2017, FDIC insurance is limited to \$250,000 for time and savings deposits and \$250,000 for demand deposits at each financial institution.

The total balance in any single financial institution may at times exceed the FDIC coverage available to individual depositors. The Town is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account.

Credit Risk The Town has no formal policy on managing credit risk. State law limits investments to certificates of deposits and similar obligations, state investment pool, money market accounts and United States Government obligations.

Investments

Concentration of Credit Risk Concentration of credit risk is the risk of loss attributable to the magnitude of the Town's investment in a single issuer. As of June 30, 2017, the Town has no items classified as investments

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3. CAPITAL ASSETS

Governmental fund capital asset activity for the year ending June 30, 2017 was as follows:

	Beginning Balance	Additions	Transfer	Ending Balance
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 257,449	\$ -	\$ -	\$ 257,449
Constructions in progress	114,124	1,219,511	(1,204,482)	129,153
Total capital assets not being depreciated	<u>371,573</u>	<u>1,219,511</u>	<u>(1,204,482)</u>	<u>386,602</u>
Capital assets being depreciated:				
Buildings, structures and improvements	4,274,975	-	-	4,274,975
Road equipment	754,363	-	-	754,363
Infrastructure	8,391,238	494,114	1,204,482	10,089,834
Furniture, fixtures and equipment	213,698	24,282	-	237,980
Vehicles	486,583	69,037	-	555,620
Total capital assets being depreciated	<u>14,120,857</u>	<u>587,433</u>	<u>1,204,482</u>	<u>15,912,772</u>
Less: accumulated depreciation for:				
Buildings, structures and improvements	407,514	112,567	-	520,081
Road equipment	571,254	30,116	-	601,370
Infrastructure	1,595,199	81,519	-	1,676,718
Furniture, fixtures and equipment	182,555	8,882	-	191,437
Vehicles	326,077	75,552	-	401,629
Total accumulated depreciation	<u>3,082,599</u>	<u>308,636</u>	<u>-</u>	<u>3,391,235</u>
Total capital assets, depreciated, net	<u>11,038,258</u>	<u>278,797</u>	<u>1,204,482</u>	<u>12,521,537</u>
Governmental activities capital assets, net	<u>\$ 11,409,831</u>	<u>\$ 1,498,308</u>	<u>\$ -</u>	<u>\$ 12,908,139</u>

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 69,583
Public safety	117,938
Highways and streets	83,396
Culture and recreation	<u>37,719</u>
Total governmental activities depreciation expense	<u>\$ 308,636</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3. CAPITAL ASSETS (CONTINUED)

Enterprise fund capital asset activity for the year ending June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Business-type Activities:</u>				
Capital assets being depreciated:				
Waste Water System	\$ 7,611,278	\$ -	\$ -	\$ 7,611,278
Total capital assets being depreciated	<u>7,611,278</u>	<u>-</u>	<u>-</u>	<u>7,611,278</u>
Less: accumulated depreciation for:				
Waste Water System	<u>1,888,826</u>	<u>304,451</u>	<u>-</u>	<u>2,193,277</u>
Total accumulated depreciation	<u>1,888,826</u>	<u>304,451</u>	<u>-</u>	<u>2,193,277</u>
Business-type activities capital assets, net	<u>\$ 5,722,452</u>	<u>\$ (304,451)</u>	<u>\$ -</u>	<u>\$ 5,418,001</u>

NOTE 4. LONG-TERM OBLIGATIONS

During the year ended June 30, 2017, the following changes occurred:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>	<u>Due within one year</u>
Governmental activities:					
NMFA Edgewood 3	\$ 1,325,259	\$ -	\$ 75,168	\$ 1,250,091	\$ 76,128
NMFA Edgewood 5	2,606,703	-	65,117	2,541,586	65,579
GO BOND	3,550,000	-	135,000	3,415,000	140,000
Net pension liability	1,841,050	906,373	-	2,747,423	-
Compensated absences	<u>59,776</u>	<u>68,836</u>	<u>58,355</u>	<u>70,257</u>	<u>70,257</u>
	<u>\$ 9,382,788</u>	<u>\$ 975,209</u>	<u>\$ 333,640</u>	<u>\$ 10,024,357</u>	<u>\$ 351,964</u>
Business Type Activities:					
RIP Loan	<u>\$ 318,296</u>	<u>\$ -</u>	<u>\$ 18,629</u>	<u>\$ 299,667</u>	<u>\$ 19,188</u>

Accrued Compensated Absences. Employees accrue either eight or ten hours per month depending on if the employee has been with the Town less than or more than five years, respectively. The maximum number of annual leave hours which may be accrued is either 96 or 120 hours depending on if the employee has been with the Town less than or more than five years, respectively. Compensated absence balances have been liquidated within the general fund in prior years.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4. LONG-TERM OBLIGATIONS (CONTINUED)

The Town received a loan in 2012 totaling \$1,637,195 from the New Mexico Finance Authority (NMFA). The loan requires variable annual principal payments ranging from \$54,919 to \$109,185 including interest at 2.98% and matures May 2031. A portion of the Town's Municipal Infrastructure Gross Receipts Tax has been pledged to pay the loan principal and interest. The loan is subject to an intercept agreement whereby the pledged gross receipts tax are paid directly to NMFA by the state distributing entity.

Loan debt service requirements to maturity are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 76,128	\$ 36,773	\$ 112,901
2019	77,299	35,562	112,861
2020	78,668	34,148	112,816
2021	80,260	32,504	112,764
2022	82,041	30,666	112,707
2023-2027	445,307	117,171	562,478
2028-2031	<u>410,388</u>	<u>38,126</u>	<u>448,514</u>
	<u>\$ 1,250,091</u>	<u>\$ 324,950</u>	<u>\$ 1,575,041</u>

The Town received a loan in 2015 totaling \$2,696,483 from the New Mexico Finance Authority (NMFA). The loan requires variable annual principal payments ranging from \$64,793 to \$144,922 including interest at 3.72% and matures May 2044. A portion of the Town's Municipal Infrastructure Gross Receipts Tax has been pledged to pay the loan principal and interest. The loan is subject to an intercept agreement whereby the pledged gross receipts tax are paid directly to NMFA by the state distributing entity.

Loan debt service requirements to maturity are as follows:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 65,579	\$ 85,430	\$ 151,009
2019	66,209	84,800	151,009
2020	67,016	83,993	151,009
2021	68,008	83,001	151,009
2022	69,185	81,824	151,009
2023-2027	369,198	385,847	755,045
2028-2032	426,361	328,682	755,043
2033-2037	508,600	246,443	755,043
2038-2042	617,401	137,644	755,045
2043-2044	<u>284,029</u>	<u>17,988</u>	<u>302,017</u>
	<u>\$ 2,541,586</u>	<u>\$ 1,535,652</u>	<u>\$ 4,077,238</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4. LONG-TERM OBLIGATIONS (CONTINUED)

During 2014, the Town issued \$3,670,000 of Series 2014 General Obligation Bonds. Interest, with rates ranging from 1.3% to 5.0%, is due every February and August commencing February 2015 and principal is due each August commencing August 2015. The bonds are secured by ad valorem property tax and mature August 2034. Bond debt service requirements to maturity are as follows:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 140,000	\$ 104,386	\$ 244,386
2019	150,000	102,593	252,593
2020	155,000	100,201	255,201
2021	165,000	97,168	262,168
2022	170,000	93,486	263,486
2023-2027	960,000	392,435	1,352,435
2028-2032	1,045,000	225,939	1,270,939
2023-2035	<u>630,000</u>	<u>38,735</u>	<u>668,735</u>
	<u>\$ 3,415,000</u>	<u>\$ 1,154,943</u>	<u>\$ 4,569,943</u>

The Town obtained a Rural Infrastructure Program loan during 2010 in the amount of \$419,211, from the New Mexico Environment Department. The loan requires annual payments of 28,178 including interest at 3% and matures March 2030 and is collateralized by state shared gross receipts tax. Loan debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 19,188	\$ 8,990	\$ 28,178
2019	19,763	8,414	28,177
2020	20,356	7,822	28,178
2021	20,967	7,211	28,178
2022	21,596	6,582	28,178
2023-2027	118,095	22,793	140,888
2028-2030	<u>79,702</u>	<u>4,829</u>	<u>84,531</u>
	<u>\$ 299,667</u>	<u>\$ 66,641</u>	<u>\$ 366,308</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and natural disasters. The Town has joined together with other local governments in the state and obtained insurance through the New Mexico Self-Insured Fund, a public entity risk pool that operates as a common risk management and insurance program for local governments. The Town pays an annual premium to the New Mexico Self-Insurers Fund for its general insurance coverage, and all risk of loss is transferred.

NOTE 6. INTERFUND OPERATING TRANSFERS

The Town interfund transfers during the year ended June 30, 2017 consisted of the following amounts:

<u>Transfers in</u>	<u>Amount</u>	<u>Transfers out</u>	<u>Amount</u>
<u>Governmental Funds:</u>			
Major funds:		Major funds:	
Municipal street fund	\$ 523,552	General funds	\$ 1,894,519
Police SP Revenue Fund	354,306		
Non-major:		Non-major:	
Library Fund	210,398	NMFA 5 Reserve Funds	1,533
Recreation Fund	93,954	PW DS Reserve Fund	1,147
Capital Replacement Fund	20,000	Terminal Leave Fund	11,568
Terminal Leave Fund	20,000		
NMFA 5 Intercept	152,543		
PW DS Intercept	114,075		
<u>Proprietary Funds:</u>			
Wastewater Fund	419,939		-
Total	<u>\$ 1,908,767</u>	Total	<u>\$ 1,908,767</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION

Plan description. Public Employees Retirement Fund is a cost sharing, multiple employer defined benefit pension plan. This fund has six divisions of members, including State General, State Police/Adult Correction Officers, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the Public Employees Retirement Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10 11A 1 to 10 11A 7, NMSA 1978), the Judicial Retirement Act (10 12B 1 to 10 12B 19, NMSA 1978), the Magistrate Retirement Act (10 12C 1 to 10 12C 18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), each employee and elected official of every affiliated public employer is required to be a member in the Public Employees Retirement Fund, unless specifically excluded.

Benefits provided. Benefits are generally available at age 65 with five or Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non duty death and disability and for post retirement survivors' annuities are also available.

TIER II. The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25 year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (CONT'D)

Contributions. See PERA's compressive annual financial report for Contribution provided description

PERA Contribution Rates and Pension Factors as of July 1, 2016						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per Year of Service		Pension Maximum as a Percentage of the Final Average Salary
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000		TIER 1	TIER 2	
State Plan 3	7.42 %	8.92 %	16.99 %	3.0 %	2.5 %	90 %
Municipal Plan 1 (plan open to new employers)	7.0 %	8.5 %	7.4 %	2.0 %	2.0 %	90 %
Municipal Plan 2 (plan open to new employers)	9.15 %	10.65 %	9.55 %	2.5 %	2.0 %	90 %
Municipal Plan 3 (plan closed to new employers 6/95)	13.15 %	14.65 %	9.55 %	3.0 %	2.5 %	90 %
Municipal Plan 4 (plan closed to new employers 6/00)	15.65 %	17.15 %	12.05 %	3.0 %	2.5 %	90 %
Municipal Police Plan 1	7.0%	8.5%	10.40%	2.0%	2.0%	90%
Municipal Police Plan 2	7.0%	8.5%	15.40%	2.5%	2.0%	90%
Municipal Police Plan 3	7.0%	8.5%	18.90%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	18.90%	3.0%	2.5%	90%
Municipal Police Plan 5	16.3%	17.8%	18.90%	3.5%	3.0%	90%
Municipal Fire Plan 1	8.0%	9.5%	11.40%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	17.90%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.65%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.8%	14.3%	21.65%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.2%	17.7%	21.65%	3.5%	3.0%	90%
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
State Police and Adult Correctional Officer Plan 1	7.60%	9.10%	25.50%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	16.99%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.12%	3.0%	3.0%	90%

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (CONT'D)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The total pension liability was rolled forward from the valuation date to the plan year ending June 30, 2016 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2016. There were no significant events or changes in benefit provision that required an adjustment to the roll forward liabilities as of June 30, 2016. The Town of Edgewood's proportion of the net pension liability was based on a projection of the Town of Edgewood's long term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

For PERA Fund Division Municipal General at June 30, 2017, the Town reported a liability of \$1,233,397 for its proportionate share of the net pension liability. At June 30, 2016, the Town's proportion was 0.0772 percent, which was an increase of 0.0025 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the Town recognized PERA Fund – General, pension expense of \$126,642. At June 30, 2017, the Town reported PERA Fund Division – General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 61,625	\$ 12,037
Net difference between projected and actual earnings on pension plan investments	226,943	
Changes of assumptions	72,324	205
Changes in proportion and differences between Town contributions and proportionate share of contributions	41,788	37,925
Town's contributions subsequent to the measurement date	<u>61,897</u>	<u> </u>
Total	<u>\$ 464,577</u>	<u>\$ 50,167</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (CONT'D)

\$61,897 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2018	\$ 82,489
2019	82,489
2020	131,219
2021	<u>56,316</u>
Total	<u>\$ 352,513</u>

For PERA Fund Division Municipal Police at June 30, 2017, the Town reported a liability of \$1,514,026 for its proportionate share of the net pension liability. At June 30, 2016, the Town's proportion was .2052 percent, which was a decrease of 0.0038 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the Town recognized PERA Fund – General, pension expense of \$201,874. At June 30, 2017, the Town reported PERA Fund Division – General deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 111,151	\$
Net difference between projected and actual earnings on pension plan investments	239,452	
Changes of assumptions	100,281	27,305
Changes in proportion and differences between Town contributions and proportionate share of contributions	12,736	13,450
Town's contributions subsequent to the measurement date	<u>100,489</u>	
Total	<u>\$ 564,109</u>	<u>\$ 40,755</u>

\$100,489 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (CONT'D)

<u>Year ended June 30:</u>	<u>Amount</u>
2018	\$ 102,466
2019	\$ 102,466
2020	157,064
2021	<u>60,869</u>
Total	<u>\$ 422,865</u>

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement.

PERA

Actuarial valuation date	30-Jun-15
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay, Open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair Value
Actuarial Assumptions:	-
Investment rate of return	7.48% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll Growth	2.75% for first 10 years, then 3.25% annual rate
Projected salary increases	2.75% to 14.00% annual rate
Includes inflation at	2.25% annual rate first 10 years 2.75% all other years
Mortality Assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience Study Dates	July 1, 2008 to June 30, 2013 (demographic) and July 1

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2015. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2016. These assumptions were adopted by the Board use in the June 30, 2015 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7. PENSION PLAN - PUBLIC EMPLOYEE RETIREMENT ASSOCIATION (CONT'D)

<u>ALL FUNDS - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	43.50 %	7.39%
Risk Reduction & Mitigation	21.50	1.79
Credit Oriented Fixed Income	15.00	5.77
Real Assets	20.00	7.35
Total	<u>100.00 %</u>	

Discount rate: A single discount rate of 7.48% was used to measure the total pension liability as of June 30, 2016. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.48%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability. The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.48 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.48 percent) or 1-percentage-point higher (8.48 percent) than the current rate:

	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
<u>PERA Fund Division – General Division</u>			
Town's proportionate share of the net pension liability	\$ 1,838,885	\$ 1,233,397	\$ 731,175
	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
<u>PERA Fund Division – Police Division</u>			
Town's proportionate share of the net pension liability	\$ 2,227,509	\$ 1,514,026	\$ 930,481

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued PERA'S financial reports.

Payables to the pension plan. At June 30, 2017, the Town had no outstanding amount of contributions to the pension plan and therefore, had no payables reported at fiscal year 2017.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 8. POST-EMPLOYMENT BENEFITS — STATE RETIREE HEALTH CARE PLAN

Plan Description. The Town contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RI-ICA fund in the amount determined to be appropriate by the board.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 8. POST-EMPLOYMENT BENEFITS — STATE RETIREE HEALTH CARE PLAN (CONT'D)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2016, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Town's contributions to the RHCA for the years ended June 30, 2017, 2016 and 2015 were \$23,480, \$24,035 and \$22,007, respectively, which equal the required contributions for each year.

NOTE 9. CONSTRUCTION COMMITMENTS

As of June 30, 2017, the Town has construction in progress totaling \$129,153 and has a remaining construction commitment of \$1,158,783 for street improvements. The construction is funded through the issuance of debt.

NOTE 10. RESTRICTED COMPONENT OF NET POSITION

The government-wide statement of net position reports \$2,813,783 of restricted component of net position that is restricted by enabling legislation.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 11. DEFICIT FUND BALANCE

As of June 30, 2017, The Library fund had a deficit fund balance of \$8,988 and the Recreation fund had a deficit fund balance of \$5,059.

NOTE 12. CONTINGENCIES

Litigation. Claims have been filed against the Town and are in various stages of processing, and some may ultimately be brought to trial. It is not possible to estimate the likelihood and amount of such claims. Accordingly, no accrual has been made for them.

NOTE 13. GASB 77 DISCLOSURES

The Town entered in to an agreement during the year that involve tax abatements; the following tables outline the key information regarding the entities involved and the type and amounts of taxes abated during the year ending June 30, 2017.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

GASB 77 DISCLOSURE

Agency Number	6093
Agency Name	Town of Edgewood
Agency Type	Municipality
Tax Abatement Agreement Name	Project Participation Agreement _Aspire Hotels, LLC
Recipient(s) of tax abatement	Aspire Hotels, LLC
Parent company(ies) of recipient(s) of tax abatement	Aspire Hotels, LLC
Tax abatement program (name and brief description)	Economic Development Project
Specific Tax(es) Being Abated	Gross Receipts _Municipal Infrastructure
Legal authority under which tax abatement agreement was entered into	Local Economic Development Act
Criteria that make a recipient eligible to receive a tax abatement	Improvements of the real property & create real full time jobs
How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)	Infrastructure gross receipts tax collected are deposited into an infrastructure fund. This agreement will decrease the fund balance.
How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.	1.5% of the construction cost in a total amount not to exceed \$73,500.00.
Are there provisions for recapturing abated taxes? (Yes or No)	No
If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.	N/A
List each specific commitment made by the recipient of the abatement.	Purchase of propety & construct hotel, create real full time jobs, generate gross revenue tax (GRT) and report annual sales to the town, generate property tax, grant a sewer and public easement.
Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.	Maximum upto \$73,500.00
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment	None
For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by your agency</u> in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	None
For any Payments in Lieu of Taxes (PILOTs) or similar payments <u>receivable by a different agency</u> in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year	None
List each specific commitment made by your agency or any other government, other than the tax abatement.	None
Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.	No
If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.	N/A

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NONMAJOR FUNDS DESCRIPTION
JUNE 30, 2017**

SPECIAL REVENUE FUNDS

Corrections. To establish an additional source of funds for municipalities to offset the costs of corrections. The source of funds is a five-dollar fee which must be paid by all persons violating laws relating the operations of a motor vehicle. Authority is NMSA 339-3.

Law Enforcement Protection. To account for the expenditures from the State of New Mexico for training, equipment and capital outlay. Authority is NMSA 29-13-4.

Library. To account for the receipts and expenditures related to the Library fund. Authority is by Town resolution.

Recreation. To account for revenues and expenditures relating to Town recreational facilities and programs. Financing is provided by cigarette taxes and federal and state grants. Such revenue provides for payment of all current operating costs and may be used for that purpose only. Authority is NMSA 7-12-15.

Capital Replacement. To cover the repair or replacement cost of existing common elements; that is, capital assets already in existence in the organisation. Authority is by Town resolution.

Animal Shelter. To account for the receipts and expenditures related to the Town animal shelter. Authority is by Town resolution.

Veterans Memorial. To account for the receipts and expenditures related to the Town's veterans memorial. Authority is by Town resolution.

Buy a Brick. To account for the receipts and expenditures related to the Town's Buy a Brick program. Authority is by Town resolution.

Revitalization of Route 66. To account for the receipts and expenditures related to the revitalization of Route 66. Authority is by Town resolution.

CAPITAL PROJECTS FUNDS

Public Works. To account for grants appropriations, and other receipts and expenditures related to the public works building. Authority is by Town resolution.

Wind Turbine. To account for the grants, appropriations, and other receipts and expenditures related to the wind turbine. Authority is by Town resolution.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NONMAJOR FUNDS DESCRIPTION
JUNE 30, 2017**

DEBT SERVICE FUNDS

Public Works Reserve. To account for the required debt service reserve on the NMFA loan 3. Authority is by Town resolution.

Public Works Intercept. To account for the debt service on the NMFA loan 3. Authority is by Town resolution.

NMFA Loan 5 Reserve. To account for the required debt service reserve on the NMFA loan 5. Authority is by Town resolution.

NMFA Loan 5 Intercept. To account for the debt service on the NMFA loan 5. Authority is by Town resolution.

GO Bond. To account for the debt service on the GO Bond. Authority is by Town resolution.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	201 - Correction Fund	211 - Law Enforcement Fund	213 - Library Fund
ASSETS			
Cash and investment	\$ 86,069	\$ 11,874	\$ -
Receivables:			
Taxes:			
Property tax	-	-	-
Total assets	<u>86,069</u>	<u>11,874</u>	<u>-</u>
LIABILITIES DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	-	-	5,638
Accrued payroll and payroll taxes	-	-	3,350
Total liabilities	-	-	<u>8,988</u>
Deferred inflows:			
Property tax not available	-	-	-
Fund balances:			
Restricted, reported in:			
Special revenue fund	86,069	11,874	-
Debt service funds	-	-	-
Unassigned, reported in:			
Special revenue fund	-	-	(8,988)
Total fund balances	<u>86,069</u>	<u>11,874</u>	<u>(8,988)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 86,069</u>	<u>\$ 11,874</u>	<u>\$ -</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	217 - Recreation Fund	224 - Capital Replacement Fund	225 - Animal Shelter Fund
ASSETS			
Cash and investment	\$ -	\$ 20,000	\$ 13,011
Receivables:			
Taxes:			
Property tax	-	-	-
Total assets	-	20,000	13,011
LIABILITIES DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	4,013	-	-
Accrued payroll and payroll taxes	1,046	-	-
Total liabilities	5,059	-	-
Deferred inflows:			
Property tax not available	-	-	-
Fund balances:			
Restricted, reported in:			
Special revenue fund	-	20,000	13,011
Debt service funds	-	-	-
Unassigned, reported in:			
Special revenue fund	(5,059)	-	-
Total fund balances	(5,059)	20,000	13,011
Total liabilities, deferred inflows and fund balances	\$ -	\$ 20,000	\$ 13,011

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	226 - Veterans Memorial Fund	227 - Buy A Brick/Playgr ound	229 - Terminal Leave Fund
ASSETS			
Cash and investment	\$ 250	\$ 5,600	\$ 8,432
Receivables:			
Taxes:			
Property tax	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>250</u>	<u>5,600</u>	<u>8,432</u>
LIABILITIES DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	-	-	-
Accrued payroll and payroll taxes	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows:			
Property tax not available	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted, reported in:			
Special revenue fund	250	5,600	8,432
Debt service funds	-	-	-
Unassigned, reported in:			
Special revenue fund	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>250</u>	<u>5,600</u>	<u>8,432</u>
Total liabilities, deferred inflows and fund balances	<u><u>\$ 250</u></u>	<u><u>\$ 5,600</u></u>	<u><u>\$ 8,432</u></u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	313 - Wind Turbine	316 - NMFA 5 Reserve Funds	317 - NMFA 5 Intercept
ASSETS			
Cash and investment	\$ -	\$ 152,777	\$ 27,946
Receivables:			
Taxes:			
Property tax	-	-	-
Total assets	-	152,777	27,946
LIABILITIES DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	-	-	-
Accrued payroll and payroll taxes	-	-	-
Total liabilities	-	-	-
Deferred inflows:			
Property tax not available	-	-	-
Fund balances:			
Restricted, reported in:			
Special revenue fund	-	-	-
Debt service funds	-	152,777	27,946
Unassigned, reported in:			
Special revenue fund	-	-	-
Total fund balances	-	152,777	27,946
Total liabilities, deferred inflows and fund balances	\$ -	\$ 152,777	\$ 27,946

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	401 - Go Bond Debt Service	405 - PW DS Reserve Fund	406 - PW DS Intercept
ASSETS			
Cash and investment	\$ 251,864	\$ 114,323	\$ 22,333
Receivables:			
Taxes:			
Property tax	<u>15,541</u>	<u>-</u>	<u>-</u>
Total assets	<u>267,405</u>	<u>114,323</u>	<u>22,333</u>
LIABILITIES DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	-	-	3,252
Accrued payroll and payroll taxes	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>3,252</u>
Deferred inflows:			
Property tax not available	<u>11,375</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted, reported in:			
Special revenue fund	-	-	-
Debt service funds	256,030	114,323	19,081
Unassigned, reported in:			
Special revenue fund	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>256,030</u>	<u>114,323</u>	<u>19,081</u>
Total liabilities, deferred inflows and fund balances	<u><u>\$ 267,405</u></u>	<u><u>\$ 114,323</u></u>	<u><u>\$ 22,333</u></u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Total Nonmajor Funds
ASSETS	
Cash and investment	\$ 714,479
Receivables:	
Taxes:	
Property tax	<u>15,541</u>
Total assets	<u>730,020</u>
LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	
Liabilities:	
Accounts payable	12,903
Accrued payroll and payroll taxes	<u>4,396</u>
Total liabilities	<u>17,299</u>
Deferred inflows:	
Property tax not available	<u>11,375</u>
Fund balances:	
Restricted, reported in:	
Special revenue fund	145,236
Debt service funds	570,157
Unassigned, reported in:	
Special revenue fund	<u>(14,047)</u>
Total fund balances	<u>701,346</u>
Total liabilities, deferred inflows and fund balances	<u><u>\$ 730,020</u></u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	201 - Correction Fund	211 - Law Enforcement Fund	213 - Library Fund
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Licenses, permits fees and fines	10,472	-	-
Intergovernmental - State	-	24,800	7,733
Interest	-	-	-
Miscellaneous	-	-	-
	<u>10,472</u>	<u>24,800</u>	<u>7,733</u>
Total revenues	<u>10,472</u>	<u>24,800</u>	<u>7,733</u>
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	2,890	28,354	-
Culture and recreation	-	-	217,823
Debt service			
Principal payments	-	-	-
Interest payments	-	-	-
	<u>2,890</u>	<u>28,354</u>	<u>217,823</u>
Total expenditures	<u>2,890</u>	<u>28,354</u>	<u>217,823</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>7,582</u>	<u>(3,554)</u>	<u>(210,090)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	210,398
Operating transfers (out)	-	-	-
	<u>-</u>	<u>-</u>	<u>210,398</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>210,398</u>
Net change in fund balances	7,582	(3,554)	308
Fund balance - beginning of year	<u>78,487</u>	<u>15,428</u>	<u>(9,296)</u>
Fund balance - end of year	<u>\$ 86,069</u>	<u>\$ 11,874</u>	<u>\$ (8,988)</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	217 - Recreation Fund	224 - Capital Replacement Fund	225 - Animal Shelter Fund
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Licenses, permits fees and fines	-	-	-
Intergovernmental - State	1,102	-	-
Interest	-	-	-
Miscellaneous	-	-	1,217
	<u>-</u>	<u>-</u>	<u>1,217</u>
Total revenues	<u>1,102</u>	<u>-</u>	<u>1,217</u>
EXPENDITURES:			
Current:			
General government	-	-	450
Public safety	-	-	-
Culture and recreation	98,609	-	-
Debt service			
Principal payments	-	-	-
Interest payments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>98,609</u>	<u>-</u>	<u>450</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(97,507)</u>	<u>-</u>	<u>767</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	93,954	20,000	-
Operating transfers (out)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>93,954</u>	<u>20,000</u>	<u>-</u>
Net change in fund balances	(3,553)	20,000	767
Fund balance - beginning of year	(1,506)	-	12,244
	<u>(1,506)</u>	<u>-</u>	<u>12,244</u>
Fund balance - end of year	<u>\$ (5,059)</u>	<u>\$ 20,000</u>	<u>\$ 13,011</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	226 - Veterans Memorial Fund	227 - Buy A Brick/Playgr ound	229 - Terminal Leave Fund
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Licenses, permits fees and fines	-	-	-
Intergovernmental - State	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	-	-
Culture and recreation	-	-	-
Debt service			
Principal payments	-	-	-
Interest payments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	20,000
Operating transfers (out)	-	-	(11,568)
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>8,432</u>
Net change in fund balances	-	-	8,432
Fund balance - beginning of year	<u>250</u>	<u>5,600</u>	<u>-</u>
Fund balance - end of year	<u>\$ 250</u>	<u>\$ 5,600</u>	<u>\$ 8,432</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	313 - Wind Turbine	316 - NMFA 5 Reserve Funds
REVENUES:		
Taxes	\$ -	\$ -
Licenses, permits fees and fines	-	-
Intergovernmental - State	-	-
Interest	-	1,904
Miscellaneous	-	-
	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>1,904</u>
EXPENDITURES:		
Current:		
General government	-	-
Public safety	-	-
Culture and recreation	-	-
Debt service		
Principal payments	-	-
Interest payments	-	-
	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>1,904</u>
OTHER FINANCING SOURCES (USES):		
Operating transfers in	-	-
Operating transfers (out)	-	(1,533)
	<u>-</u>	<u>(1,533)</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,533)</u>
Net change in fund balances	-	371
Fund balance - beginning of year	-	152,406
Fund balance - end of year	<u>\$ -</u>	<u>\$ 152,777</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	317 - NMFA 5 Intercept	401 - Go Bond Debt Service	405 - PW DS Reserve Fund
REVENUES:			
Taxes	\$ -	\$ 259,987	\$ -
Licenses, permits fees and fines	-	-	-
Intergovernmental - State	-	-	-
Interest	228	-	1,425
Miscellaneous	-	-	-
	<u>228</u>	<u>259,987</u>	<u>1,425</u>
Total revenues			
	<u>228</u>	<u>259,987</u>	<u>1,425</u>
EXPENDITURES:			
Current:			
General government	10,724	-	-
Public safety	-	-	-
Culture and recreation	-	-	-
Debt service			
Principal payments	140,285	135,000	-
Interest payments	<u>-</u>	<u>105,636</u>	<u>-</u>
Total expenditures	<u>151,009</u>	<u>240,636</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(150,781)</u>	<u>19,351</u>	<u>1,425</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	152,543	-	-
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>(1,147)</u>
Total other financing sources (uses)	<u>152,543</u>	<u>-</u>	<u>(1,147)</u>
Net change in fund balances	1,762	19,351	278
Fund balance - beginning of year	<u>26,184</u>	<u>236,679</u>	<u>114,045</u>
Fund balance - end of year	<u>\$ 27,946</u>	<u>\$ 256,030</u>	<u>\$ 114,323</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	406 - PW DS <u>Intercept</u>	Total Nonmajor <u>Funds</u>
REVENUES:		
Taxes	\$ -	\$ 259,987
Licenses, permits fees and fines	-	10,472
Intergovernmental - State	-	33,635
Interest	201	3,758
Miscellaneous	-	1,217
	<u>201</u>	<u>309,069</u>
EXPENDITURES:		
Current:		
General government	-	11,174
Public safety	-	31,244
Culture and recreation	-	316,432
Debt service		
Principal payments	-	275,285
Interest payments	<u>112,933</u>	<u>218,569</u>
Total expenditures	<u>112,933</u>	<u>852,704</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(112,732)</u>	<u>(543,635)</u>
OTHER FINANCING SOURCES (USES):		
Operating transfers in	114,075	610,970
Operating transfers (out)	<u>-</u>	<u>(14,248)</u>
Total other financing sources (uses)	<u>114,075</u>	<u>596,722</u>
Net change in fund balances	1,343	53,087
Fund balance - beginning of year	<u>17,738</u>	<u>648,259</u>
Fund balance - end of year	<u>\$ 19,081</u>	<u>\$ 701,346</u>

**PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**SCHEDULE OF THE TOWN OF EDGEWOOD'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL GENERAL
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS***

<u>Public Employees Retirement Association (PERA) Plan:</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town of Edgewood's proportion of the net pension liability (asset)	0.0772%	.0747%	.0747%
Town of Edgewood's proportionate share of the net pension liability (asset)	\$1,233,397	\$ 836,061	\$ 582,740
Town of Edgewood's covered-employee payroll	\$ 745,647	\$ 755,503	\$ 740,893
Town of Edgewood's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	165.41%	110.66%	78.65%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town of Edgewood will present information for those years for which information is available

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
SCHEDULE OF THE TOWN OF EDGEWOOD'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY OF PERA FUND DIVISION MUNICIPAL POLICE
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS***

<u>Public Employees Retirement Association (PERA) Plan:</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town of Edgewood's proportion of the net pension liability (asset)	0.2052%	0.2090%	0.2039%
Town of Edgewood's proportionate share of the net pension liability (asset)	\$1,514,026	\$ 1,004,989	\$ 664,692
Town of Edgewood's covered-employee payroll	\$ 487,851	\$ 556,570	\$ 514,173
Town of Edgewood's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	310.35%	180.57%	129.27%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	76.99%	81.29%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town of Edgewood will present information for those years for which information is available

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
SCHEDULE OF THE TOWN OF EDGEWOOD'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA FUND DIVISION MUNICIPAL GENERAL
LAST 10 FISCAL YEARS***

<u>PERA Fund Division</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 61,897	\$ 59,824	\$ 60,293
Contributions in relation to the contractually required contribution	61,897	59,824	60,293
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town of Edgewood will present information for those years for which information is available.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD**

**SCHEDULE OF THE TOWN OF EDGEWOOD'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA FUND DIVISION MUNICIPAL POLICE
LAST 10 FISCAL YEARS***

<u>PERA Fund Division</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 100,489	\$ 77,149	\$ 77,417
Contributions in relation to the contractually required contribution	100,489	77,149	77,417
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town of Edgewood will present information for those years for which information is available.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

Changes of benefit terms. The PERA and COLA and retirement eligibility benefits changes in recent years re described in Note 1 of PERA's CFAR. <https://www.saonm.org>.

Assumptions. The Public Employee Retirement Association of New Mexico Annual Actuarial Valuations as of June 2016 report is available at <http://www.nmpera.org/>.

OTHER SUPPLEMENTAL INFORMATION

FIDUCIARY FUNDS

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Beginning Balance</u>	<u>Increase/ Receipts</u>	<u>Decrease/ Disbursements</u>	<u>Ending Balance</u>
IMPACT FEE FUND:				
ASSETS				
Cash	<u>\$ 16,477</u>	<u>\$ 21,627</u>	<u>\$ (19,801)</u>	<u>\$ 18,303</u>
Total assets	<u>16,477</u>	<u>21,627</u>	<u>(19,801)</u>	<u>18,303</u>
LIABILITIES				
Due to other entities	<u>16,477</u>	<u>21,627</u>	<u>(19,801)</u>	<u>18,303</u>
Total liabilities	<u><u>\$ 16,477</u></u>	<u><u>\$ 21,627</u></u>	<u><u>\$ (19,801)</u></u>	<u><u>\$ 18,303</u></u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
SCHEDULE OF DEPOSIT ACCOUNTS
JUNE 30, 2017**

<u>Financial Institution/ Account Description</u>	<u>Type of Account</u>	<u>Financial Institution Balance</u>	<u>Reconciling Items</u>	<u>Reconciled Balance</u>
<i>Wells Fargo Bank</i>				
General Pooled Cash	Non-interest bearing checking	\$ 1,357,254	\$ (131,523)	\$ 1,225,731
Certificate of Deposit	CD	250,714	(9)	250,705
<i>Bank of the West</i>				
Certificate of Deposit	CD	5,765	-	5,765
Petty Cash		<u>100</u>	<u>-</u>	<u>100</u>
Total deposits - non-agency		<u>1,613,833</u>	<u>(131,532)</u>	<u>1,482,301</u>
<i>New Mexico Finance Authority</i>				
GO Bond Program Funds	Cash held by NMFA	454,676	-	454,676
NMFA 5 Program Fund	Cash held by NMFA	1,244,062	-	1,244,062
NMFA 5 Reserve Fund	Cash held by NMFA	152,777	-	152,777
NMFA 5 Intercept	Cash held by NMFA	27,946	-	27,946
NMFA 3 Reserve	Cash held by NMFA	114,323	-	114,323
NMFA 3 Intercept	Cash held by NMFA	<u>22,333</u>	<u>-</u>	<u>22,333</u>
Total cash held by NMFA		<u>2,016,117</u>	<u>-</u>	<u>2,016,117</u>
Total deposit and cash held by NMFA accounts- non-agency		<u>\$ 3,629,950</u>	<u>\$ (131,532)</u>	<u>\$ 3,498,418</u>
Agency funds cash accounts:				
<i>Wells Fargo Bank</i>				
Impact Fee Account	Non-interest bearing checking	<u>\$ 19,970</u>	<u>\$ (1,667)</u>	<u>\$ 18,303</u>

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2017**

Description of Pledged Collateral	Wells Fargo	Bank of the West	Total
Deposits at June 30, 2017	\$ 1,627,938	\$ 5,765	\$ 1,633,703
Less: FDIC coverage	<u>500,000</u>	<u>5,765</u>	<u>505,765</u>
Uninsured public funds	1,127,938	-	1,127,938
Pledged collateral held by the pledging bank's trust department or agent but not in the Town's name	<u>658,898</u>	<u>-</u>	<u>658,898</u>
Uninsured and uncollateralized	<u>\$ 469,040</u>	<u>\$ -</u>	<u>\$ 469,040</u>
50% pledged collateral requirement per statute	\$ 563,969		
Total pledged collateral	<u>658,898</u>		
Pledged collateral exceeding the requirements	<u>\$ 94,929</u>		

Pledged collateral at June 30, 2017 consists of the following:

Security	CUSIP	Maturity	Market Value
FNMA FGPS 3.50%	3132GRZP9	3/1/42	\$ 50,962
FNMA FNMS 3.00%	3138AYV22	11/1/26	369,833
FNMA FNMS 3.00%	3138WHVN9	8/1/36	<u>238,103</u>
Total Market Value			<u><u>\$ 658,898</u></u>

The custodian of the pledged securities for Wells Fargo Bank is Wells Fargo Bank Safekeeping/Custodial Services in San Francisco, California.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2017**

Joint Power Agreement	Participants	Responsible Party	Description	Beginning and Ending Dates	Total estimated project amount and amount applicable to Town	Audit Responsibility	Fiscal agent and responsible reporting entity
Emergency Services	County of Santa Fe Town of Edgewood	County of Santa Fe	Provision of emergency medical services, fire suppression, rescue services, communications and fire prevention	02/08/00, until cancelled	1/3 of the Town's Shared Gross Receipts Tax Receipts	Santa Fe County	Santa Fe County
Regional Emergency Communications Center	County of Santa Fe Town of Edgewood	County of Santa Fe	Jointly operate, maintain and administer the Santa Fe Regional Emergency Communications Center to provide emergency 911 telephone access for residents	10/11/2006, until cancelled	\$75000 per year \$20,000 in capital expenditures in year one	Santa Fe County	Santa Fe County

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Mr. Wayne Johnson,
New Mexico State Auditor
The Honorable Mayor and Town Council
Town of Edgewood
Edgewood, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund of the Town of Edgewood, New Mexico (Town) as of and for the year ended June 30, 2017, and related notes to the financial statements, which collectively comprise the Town's basic financial statements, and the combining and individual funds financial of the Town's, presented as supplemental information, and have issued our report thereon dated December 14, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items 2016-001, 2016-002 and 2017-001.

The Town's Response to Findings

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harshwal & Company LLP
Certified Public Accountants

Harshwal & Company LLP

Albuquerque, New Mexico
December 14, 2017

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2017**

SECTION I - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS

2016-001 Other Noncompliance - Violation of Anti-Donation and Procurement Code - Repeated & Modified

Condition

The Town contracted with the Edgewood Chamber of Commerce (the Chamber) for \$1,000 per month for the Chamber to perform certain services. There is nothing in the contract that states the value of the services and the list of services is so vague that it is not possible to determine the value of the services or if the services were performed.

The Town did make progress in resolving this finding. During fiscal year 2017, the contract with the Chamber was terminated and the last payment for such services was made in August 2016.

Criteria

The New Mexico Constitution Article IX, Section 14 states "neither the state nor any county, school district, or municipality, except as otherwise provided in this constitution, shall directly or indirectly lend or pledge its credit, or make any donation to or in aid of any person, association or public or private corporation. A donation within the meaning of this provision is a "gift", an allocation or appropriation of something of value, without consideration."

Section 13-1-125 NMSA 1978 Paragraph C states "Notwithstanding the requirements of Subsection A of this section, a state agency or a local public body may procure services, construction or items of tangible personal property having a value not exceeding twenty thousand dollars (\$20,000), excluding applicable state and local gross receipts taxes, by issuing a direct purchase order to a contractor based upon the best obtainable price.

Cause

Town personnel were not aware of the applicability of the Procurement Code and Anti-Donation Clause for this contract.

Effect

The town is not in compliance with state law and may have overpaid for the services it received, or may not have received the services at all.

Recommendation

The Town should implement policies pertaining to the application of the New Mexico Procurement Code and Anti-Donation Clause. Applicable Town staff should be provided training related to the New Mexico Procurement Code and Anti-Donation Clause.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2017**

SECTION I - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONT'D)

2016-001 Other Noncompliance - Violation of Anti-Donation and Procurement Code - Repeated & Modified (Cont'd)

Management Response

This finding was a carryover finding from the previous year. As mentioned in the condition, the Town has since terminated its contract with the Edgewood Chamber of Commerce. The Town will comply with the New Mexico Constitution to ensure that the Anti-Donation clause is not violated again. The Town will also ensure that the Procurement Code will be followed. The Clerk-Treasurer is responsible for correcting this finding. The Town has provided specific to the New Mexico Procurement Code and the Anti-Donation Clause. Training was completed by the end of FY 2017.

Estimated Completion Date

December 2017.

Responsible party

Clerk-Treasurer.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2017**

SECTION I - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONT'D)

2016-002 Other Noncompliance - Timely Deposits - Repeated & Modified

Condition

During the testing of cash receipts, two cash receipts totaling \$718 were not deposited into a financial institution by the close of the next business day.

The Town did not make any progress in resolving this finding.

Criteria

Per Section 6-10-9, NMSA 1978, all public money obtained or received must be deposited before the close of the next business day after receipt of the money.

Cause

The Town has a limited sized staff, and no one was available to deposit the money that day.

Effect

The lack of adequate internal controls over cash deposit processes increases the risk that a loss or misappropriation of public funds may occur or may not be detected in a timely manner.

Recommendation

The Town should implement policies and controls that ensure compliance with Section 6-10-3 NMSA 1978.

Management Response

The Town will comply with NM State Statute, Section 6-10-3 NMSA 1978. The Clerk-Treasurer is responsible for correcting this audit finding. The Town has modified its practices to ensure that all deposits will be deposited by close of the next business day. Staff was trained at the end of FY 2017 to ensure that all money obtained will be deposited in a timely manner. Management will provide yearly training and write a policy specific to deposits.

Estimated Completion Date

December 2017.

Responsible party

Clerk-Treasurer

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2017**

SECTION I - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS (CONT'D)

2017-001 Other Noncompliance - Improper Mileage Reimbursement

Condition

During our testing of travel and per diem, we noted 7 out of 32 instances totaling \$632 employees were reimbursed at the rate of \$0.55 per mile instead of the maximum allowed rate of \$0.54 per mile.

Criteria

New Mexico statute 10-8-5, grants the Secretary of the Department of Finance and Administration authority to set mileage reimbursement rates not to exceed the IRS rates established in the prior year. Under New Mexico Administrative Code 2.42.2.11.B.(1) the mileage reimbursement rate has been set at 80% of the internal revenue service standard mileage rate effective on January 1 of the previous year.

Cause

The Town personnel has not followed state guidelines in regards to mileage reimbursement rates. The Town had incorrectly set the reimbursement rate in excess of the State's maximum rate for mileage reimbursement.

Effect

Internal control over expenditures and the ability of responsible parties to appropriately distribute monies for which they bear responsibility may be compromised. Employees have been overcompensated for their travel.

Recommendation

We recommend that management review state guidelines and ensure that Town personnel are properly trained and knowledgeable of applicable statutes, and that the Town change its policy in order to ensure compliance with those statutes.

Management Response

The Town will comply with the Per Diem and Mileage Act. The Clerk-Treasurer is responsible for correcting this audit finding. The rate was set prior to the change in administration. The rate was corrected at the beginning of calendar year 2017. The Town will annually review and adjust rates as needed. All staff will be notified of the rate for the year.

Estimated Completion Date

December 2017.

Responsible party

Clerk-Treasurer.

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2017**

SECTION II - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2016-001 Other Noncompliance - Violation of Anti-Donation and Procurement Code - Repeated & Modified

2016-002 Other Noncompliance - Timely Deposits - Repeated & Modified

**STATE OF NEW MEXICO
TOWN OF EDGEWOOD
EXIT CONFERENCE
FOR THE YEAR ENDED JUNE 30, 2017**

An exit conference was held on November 28, 2017, and attended by the following:

Town of Edgewood Officials

John Bassett

Carla Salazar

Juan Torres

Dora Garcia

Mayor

Deputy Clerk

Clerk - Treasurer

Finance Specialist

Harshwal & Company LLP

Albert Hwu, Staff Auditor

Mariem Tall, Audit Manager

Financial Statement Preparation

The financial statements were prepared by Harshwal & Company LLP from the books and records of the Town of Edgewood. However, the contents of these financial statements remain the responsibility of the Town's management.